



2010-235-E

Wade Harter
Corporate Engineer

P: (864) 941-4053
F: (864) 941-4070

July 2, 2010

Public Service Commission
101 Executive Center Dr.
Suite 100
Columbia, SC 29210

Re: Duke Energy "Smart Savor" Custom Incentive

Dear Mr / Ms:

As you are probably aware Greenwood Mills is a textile company producing quality greige fabric for both domestic and military markets.

The purpose of this letter is to express concern relative to the Duke Energy "Smart Savor" Custom Incentive Program.

This program was presented to Greenwood per the attached "cut sheet" and came at a time when consideration was being given to upgrade a manufacturing process within Greenwood's Harris Plant. The energy savings of the equipment and the potential incentives afforded by the "Smart Savor" program were instrumental in Management's decision to go forward with expenditures of over \$500,000 for the project.

An application, copy attached, was submitted on February 24, 2010. The equipment identified in the application afforded a savings of 1,280,400 kwh per year which meets the objective of the program as itemized on the attached "cut sheet".

A letter dated March 5, 2010, copy attached, stated that an incentive cannot be approved because Greenwood is installing "used" equipment.

In a March 15, 2010 letter to Duke, copy attached, Greenwood gave valid reasons for using "used" equipment. Summarizing, cheap imports continue to erode the market for USA made fabrics; with the closure of so many textile plants there is an abundance of "like new" textile machinery; there are no textile machinery manufacturing plants left in the USA, therefore purchasing new equipment would create jobs overseas whereas purchasing "used" equipment provides jobs for the American used equipment dealers; Greenwood can hardly afford to more than double the cost of the project by using new equipment; the "used" equipment under consideration provides comparable energy savings to new equipment..

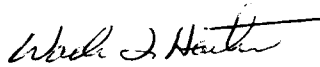
A March 23, 2010 letter from Duke, copy attached, implies that since Greenwood would make the same choice of equipment with or without the "Smart Saver" Program, Duke cannot approve Greenwood's application. The attached letter from Greenwood dated March 24, 2010, again addresses the reasons for using "used" equipment.

In summary Greenwood considers that the proposed project meets the intent of the "Smart Saver" program as approved by the Public Service Commission and would request a reading from the Commission relative to the merits of Greenwood's proposed project.

Greenwood will be going forward with the project because it affords substantial savings which are needed in an attempt to remain somewhat competitive with foreign imports. However, Greenwood is meeting the "intent" of the Program and feels like it has been denied its fair share of monetary assistance.

If a meeting on this matter is deemed appropriate, please contact me at this address or by telephone at 864-941-4053.

Sincerely,

A handwritten signature in black ink, appearing to read "Wade T. Harter", written in a cursive style.

Wade T. Harter,
Corporate Engineer

Cc: Mr. Rick Henderson, Duke Energy

Receive cash incentives for your business with SMART \$AVER®

Upon approval, Duke Energy encourages South Carolina business customers to take advantage of our Smart \$aver® incentive program and receive cash for installing high efficiency lighting, HVAC, motor/pump and other qualifying equipment. The use of energy efficient equipment enables your business to improve its bottom line by reducing energy consumption. And, Smart \$aver® incentives help lower the costs associated with upgrades.

Key benefits of the Smart \$aver® program and the use of energy efficient equipment:

- Incentives help buy down the incremental cost difference between standard and energy efficiency equipment.
- Incentives allow businesses with limited resources to invest in high efficiency equipment without exceeding annual budgets.
- Energy efficient equipment helps the environment by reducing the amount of natural resources needed to keep businesses running.
- Energy efficient equipment, when widely implemented, can help defer the need to construct additional electric generating facilities, thereby keeping regional energy rates low and reducing emissions.

Duke Energy's Smart \$aver® incentive program rewards you for making your business more energy efficient. It's just one more way we're demonstrating our ongoing commitment to energy efficiency – reducing demand for energy while promoting a clean environment, now and in the future.

Smart \$aver® is one of three energy efficiency programs for large business customers proposed in the September, 2007 Energy Efficiency filing with the Public Service Commission of South Carolina. If approved, your Business Relations Manager will provide further details on how you can take advantage of this opportunity to improve efficiency and reduce energy costs.





Smart Saver™
Nonresidential Custom Incentive Application

mailed
24 Feb. 2010
WHT

Checklist
(To be submitted with the application)

Item	Description	Initialed
1	Customer Information form -- (page 2)	<input checked="" type="checkbox"/>
2	Project Description & Information -- (page 3)	<input checked="" type="checkbox"/>
3	Energy Savings and Implementation Costs -- (page 4)	<input checked="" type="checkbox"/>
4	Customer Consent form -- (page 5)	<input checked="" type="checkbox"/>
5	Project Questionnaire (pages 6, 7 & 8)	<input checked="" type="checkbox"/>

I have provided all the information requested for Smart Saver Custom Incentive consideration.

Contact Information for Person Submitting Application					
Name	WADE T. HARTER				
Company	GREENWOOD MILLS, INC.				
Address	300 MORGAN AVE				
City	GREENWOOD	State	SC	Zip Code	29646
Title	CORPORATE ENGINEER				
E-mail Address	WHARTER@GREENWOODMILLS.COM				
Office Phone	864-941-4053				
Mobile Phone	864-980-5263				
Fax	864-941-4070				
Date	24 Feb. 2010				
Customer or Supplier?	<input checked="" type="checkbox"/> Customer <input type="checkbox"/> Vendor				



Smart Saver™
Nonresidential Custom Incentive Application

Duke Energy Customer Information (Different from information submitted on previous years)					
Company Name	GREENWOOD MILLS, INC				
Name of Company Facility	HARRIS PLANT				
Address	1820 CALHOUN ROAD				
City	GREENWOOD	State	SC	Zip Code	29646
Project Contact	WADE T. HARTER				
Title	CORPORATE ENGINEER				
Office Phone	941-4053	Mobile Phone	980-5263	Fax	941-4070
E-mail Address	WHARTER@GREENWOODMILLS.COM				
Payment Information					
Who should receive incentive payment? <input checked="" type="checkbox"/> Customer <input type="checkbox"/> Vendor (Customer must sign below)					
I hereby authorize payment of incentive directly to vendor.					
Customer Signature _____ Date _____					
Payee Legal Company Name (as shown on your income tax return):	GREENWOOD MILLS, INC.				
Mailing Address (if different from above)	300 MORGAN AVE				
City	GREENWOOD	State	SC	Zip Code	29646
<input type="checkbox"/> Individual/Sole Proprietor		<input checked="" type="checkbox"/> Corporation		<input type="checkbox"/> Partnership (check one)	
Payee Federal Tax ID # of Legal Company Name Above:					

Smart Saver™
Nonresidential Custom Incentive Application

Project Description and Information (SEE ATTACHED SHEETS)

Project information must be completed by the customer, or the customer's energy service company or contractor. Please provide the following information regarding the project for custom incentive consideration:

1. Project Name -- a customer supplied name for the project
2. Project Description - one to two paragraphs as needed to describe the energy efficiency project
3. Site Name and Facility Descriptions -- Include the *Duke Energy* account number and street address, gross and conditioned square footage, and age of facility
4. A list of all assumptions used to calculate the energy savings and the costs related to the project and ECMs
5. A list of all issues that might affect the actual energy savings and costs once the project is implemented
6. Equipment specifications and prices for standard/existing equipment and new energy efficient equipment. Attach copies of vendor proposals including pricing details.
7. Provide clear and logical step-by-step energy savings and cost calculations and methodologies. Spreadsheets or output of energy simulation tools are encouraged.
8. Complete all requested information on the charts found on page 4.



Energy Savings and Implementation Costs

For each Energy Conservation Measure, provide the energy usage for the equipment both before and after implementation in the following chart or in a separate spreadsheet.

Measure ID	Energy Conservation Measure	Before Implementation			After Implementation			Annual kWh Savings
		On-Peak kW	Peak kW	Annual kWh	On-Peak kW	Peak kW	Annual kWh	
ECM-1	OPENING ROOM	331	331	2,184,600	137	137	904,200	\$66,836
ECM-2								
ECM-3								
ECM-4								
ECM-5								

Provide other costs savings, the incremental implementation costs, the measure life and simple payback for each Energy Conservation Measure.

Measure ID	Energy Conservation Measure	Other Annual Savings	Incremental Implementation Costs	Measure Life (yr)	Simple Payback (yr)
ECM-1	OPENING ROOM	\$69,590	\$522,580	15 to 20 yr	3.83
ECM-2					
ECM-3					
ECM-4					
ECM-5					

- 1 On-Peak is during the hours of 1:00 p.m. to 8:00 p.m., Monday through Friday, June through August (NC and SC).
- 2 Annual electric energy costs savings for each Energy Conservation Measure
- 3 Other quantifiable annual savings (e.g. Maintenance savings)
- 4 For existing facilities, the Incremental Implementation Costs is either the cost to remove and replace operational equipment, or it is the cost to upgrade from standard efficiency to high efficiency for non-operational equipment. For new facilities or new production equipment, the Incremental Implementation Costs is the cost to upgrade from standard efficiency to high efficiency equipment. Incremental costs include design, equipment and installation costs.
- 5 Measure life in years should be entered for the primary equipment expected life, taking into account the expected operation and normal equipment maintenance.
- 6 Simple payback is the Incremental Implementation Costs divided by the total of the Annual Energy Savings and Other Annual Savings.



**CUSTOMER CONSENT
TO RELEASE OF
PERSONAL INFORMATION**

Wade T. Harter

I, ~~INSERT NAME~~, do hereby consent to Duke Energy disclosing my Duke Energy Account Number and Federal Tax ID Number to its subcontractors solely for the purpose of administering Duke Energy's Smart Saver Program. I understand that such subcontractors are contractually bound to otherwise maintain my Duke Energy Account Number and Federal Tax ID Number in the strictest of confidence.

I realize that under the rules and regulations of the public utilities commission, I may refuse to allow Duke Energy to release the information set forth above. By my signature, I freely give Duke Energy permission to release the information designated above.

Wade T. Harter
Wade T. Harter

(Signature)

Name: *Wade T. Harter*

Date: *24 Feb. 2010*
15 Mar. 2010



DUKE ENERGY CORPORATION
Smart Saver Custom Incentives
526 South Church St.
Charlotte, NC 28202

Mailing Address:
Mail Code EC22A / P.O. Box 1006
Charlotte, NC 28202

March 5, 2010

Mr. Wade Harter
Greenwood Mills, Inc
300 Morgan Ave
Greenwood, SC 29646

Dear Mr. Harter:

Thank you for your application for a Duke Energy Smart Saver Custom Incentive for the opening room equipment upgrade at Greenwood Mills' Harris Plant. Based on the information you provided, an incentive cannot be approved for this project for the following reason(s):

- You indicated in your application that you are proposing used equipment to achieve your energy efficiency goals. A project with used equipment will not pass regulatory review of the Smart Saver incentives. Therefore, we cannot approve an incentive on this project.

If you feel that we have misinterpreted your application and you have additional information that addresses this issue, please feel free to provide an attachment to your application with your response and the relevant information.

Duke Energy looks forward to working with you on future energy efficiency projects and hopes you will continue to consider our Smart Saver incentives, where applicable, on both new and upgrade projects.

Please contact me should you have any questions. Thank you for your valued business.

Sincerely,

Roshena M. Ham
Energy Efficiency Product Manager

cc: Mr. Rick Henderson



Wade T. Harter
Corporate Engineer

P: (864) 941-4053
F: (864) 941-4070

March 15, 2010

Re: Duke Energy Smart Saver Custom Incentive
March 5, 2010 Letter from Roshena M. Ham

Dear Ms Ham:

I am in receipt of your letter indicating that Greenwood's submittal under the referenced program has been denied because of the use of used equipment.

One would think that a program so designated for the purpose of encouraging South Carolina businesses to become more energy efficient would be more open to meeting the overall objective than specifying the type of equipment to be utilized.

Duke states: "The use of energy efficient equipment enables your business to improve its bottom line by reducing energy consumption. And, Smart Saver incentives help lower the cost associated with upgrades. It is just one more way we're demonstrating our ongoing commitment to energy efficiency – reducing demand for energy while promoting a clean environment, now and in the future."

As indicated in our submittal the new equipment will reduce the Harris Plant KW demand by 194 KW and based on the projected 2010 operating schedule will save 1,280,400 KWH per year. This certainly fits your overall stated objective for the program and helps to "demonstrate (Duke's) commitment to energy efficiency."

Duke is probably as familiar with the history of textile plant closings as is Greenwood. It would be interesting to review your total KW load loss as the result of textile plant closings. Any such remaining plants continue to struggle in the wake of even more "cheap" imports from low wage countries. In the same context Duke must also be aware that given the closure of so many plants there is an abundance of excellent, energy efficient equipment on the market. It should therefore be of mutual interest to insure that the existing plants remain in business and take advantage of any and all programs, such as "Smart Saver."

There are additional good reasons for utilizing this used equipment. Are there any textile equipment manufacturers left in the USA? None that I am aware. Utilizing the used equipment helps provide jobs for the used equipment industry, whereas if new equipment were to be purchased all the manufacturing jobs would be created overseas.

As stated in Greenwood's submittal the payback even using used equipment is almost four (4) years which is generally too long given today's market conditions. The payback for new equipment at over eight (8) years is prohibited.

As so specified Duke states that the Key benefits of the Smart Saver program and the use of energy efficient equipment is as follows:

- Incentives allow businesses with limited resources to invest in high efficiency equipment without exceeding annual budgets
- Energy efficient equipment helps the environment by reducing the amount of natural resources needed to keep businesses running.
- Energy efficient equipment, when widely implemented, can help defer the need to construct additional electric generating facilities, thereby keeping regional energy rates low and reducing emissions.
- The use of energy efficient equipment enables your business to improve its bottom line by reducing energy consumption
- Smart Saver incentivizes help lower the cost associated with upgrades

These benefits are the same savings that Greenwood's proposal affords both Greenwood and Duke.

Your sentence "A project with used equipment will not pass regulatory review of the Smart Saver incentives" gives the impression that Greenwood's submittal was never presented for "Board" review but rather the decision was "local".

Greenwood request further review of the submittal and another copy is attached. Greenwood personnel can be available, and would desire to do so, for discussion and presentation of the proposal to the reviewing party. Please contact me at this address or by telephone at 864-941-4053.

Sincerely,



Wade T. Harter,
Corporate Engineer

Cc: Mr. Rick Henderson



DUKE ENERGY CORPORATION
Smart \$aver Custom Incentives
526 South Church St.
Charlotte, NC 28202

March 23, 2010

Mailing Address:
Mail Code EC22A / P.O. Box 1006
Charlotte, NC 28202

Mr. Wade Harter
Greenwood Mills, Inc
300 Morgan Ave
Greenwood, SC 29646

Dear Mr. Harter:

In response to Greenwood Mills' request for further review of the Smart \$aver Custom Incentive we have again carefully reviewed the application. Unfortunately, the application has to be declined for two main reasons.

- The application form states that incentives are paid for new equipment only. The following three pages contain the instructions and term and conditions from the custom applications. Point number 17 addresses this restriction.
- In addition, as stated in the Greenwood Mills application on the projection questionnaire, Greenwood Mills will make the same equipment choice with the Smart \$aver program's information, technical assistance, and financial incentives.

Duke Energy looks forward to working with Greenwood Mills on future energy projects and hopefully, Greenwood Mills will continue to consider our Smart \$aver incentives, where applicable, on both new and upgrade projects.

Please contact me should you have any questions. Thank you for your valued business.

Sincerely,

A handwritten signature in black ink, appearing to read 'Roshena M. Ham', with a stylized flourish at the end.

Roshena M. Ham
Energy Efficiency Product Manager

cc: Mr. Rick Henderson

Greenwood

Send by E-mail
24 mar. '10

Wade T. Harter
Corporate Engineer

P: (864) 941-4053
F: (864) 941-4070

March 24, 2010

Re: Duke Energy Smart Saver Custom Incentive
March 23, 2010 E-mail from Roshena M. Ham

Dear Ms Ham:

Receipt of your referenced e-mail was received with grave disappointment. While Greenwood was / is aware that the program specifies the use of new equipment it also recognizes the intent of the program is saving energy.

In regard to your second point relative to Greenwood's answer to question # 4, yes Greenwood is compelled to use the same equipment for several reasons. The used equipment is "like new" and possesses the same efficiency and product quality as new equipment. In the real world of competitive manufacturing price has as much, often more, influence on "sell ability" of the product as quality. Greenwood can hardly afford to invest more than double the capital expenditure for equipment of equal performance, both in energy efficiency and quality of product. Capital expenditures have to be recovered and added to the selling price of the product.

As implied in its March 15, 2010 letter Greenwood remains unsure as to the approval process for each application. Please indicate if the review is performed by Duke Personnel or if the application is presented to an "outside board/committee" such as is the case with the "Advance SC" Program.

Again, Greenwood welcomes the opportunity to present its case to the reviewing party because it is confident that the proposed project meets the intent of the program.

Sincerely,

Wade T. Harter
Corporate Engineer

cc: Mr. Rick Henderson